



Kurita Water Industries Ltd.

Results Presentation for the First Half of the Fiscal Year Ending March 31, 2023

(Securities code: 6370)

November 1, 2022

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1 Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2023

Overview of Results



(Billions of Yen)		1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1st Half Forecast (Announced in July)
Orders		147.8	200.4	+35.6%	178.0
Net Sales		135.2	160.7	+18.8%	160.5
Business Profit		14.9	16.6	+11.6%	17.3
Net of Other Income and Expenses		(0.1)	(0.3)	—	(0.7)
Operating Profit		14.7	16.3	+10.8%	16.6
Profit Before Tax		11.2	17.5	+56.9%	16.6
Profit Attributable to Owners of Parent		5.7	12.4	+117.0%	11.2
Basic Earnings per Share (yen)		50.78	110.15	+116.9%	99.66
Foreign Exchange Rate	USD (yen)	109.8	134.0		133.0
	EUR (yen)	130.9	138.7		139.0
	CNY (yen)	17.0	19.9		20.1

- Profit before tax and profit below improved significantly due to the change in the net of finance income^{*1} and costs^{*2} accompanying the acquisition of additional shares in Pentagon Technologies.

*1 Finance income of 1.1 billion yen posted in this fiscal year from derivatives transactions

*2 Finance costs of 3.6 billion yen posted in previous fiscal year from the subsequent measurement of liabilities related to a forward contract concluded with non-controlling shareholders

Results by Segment

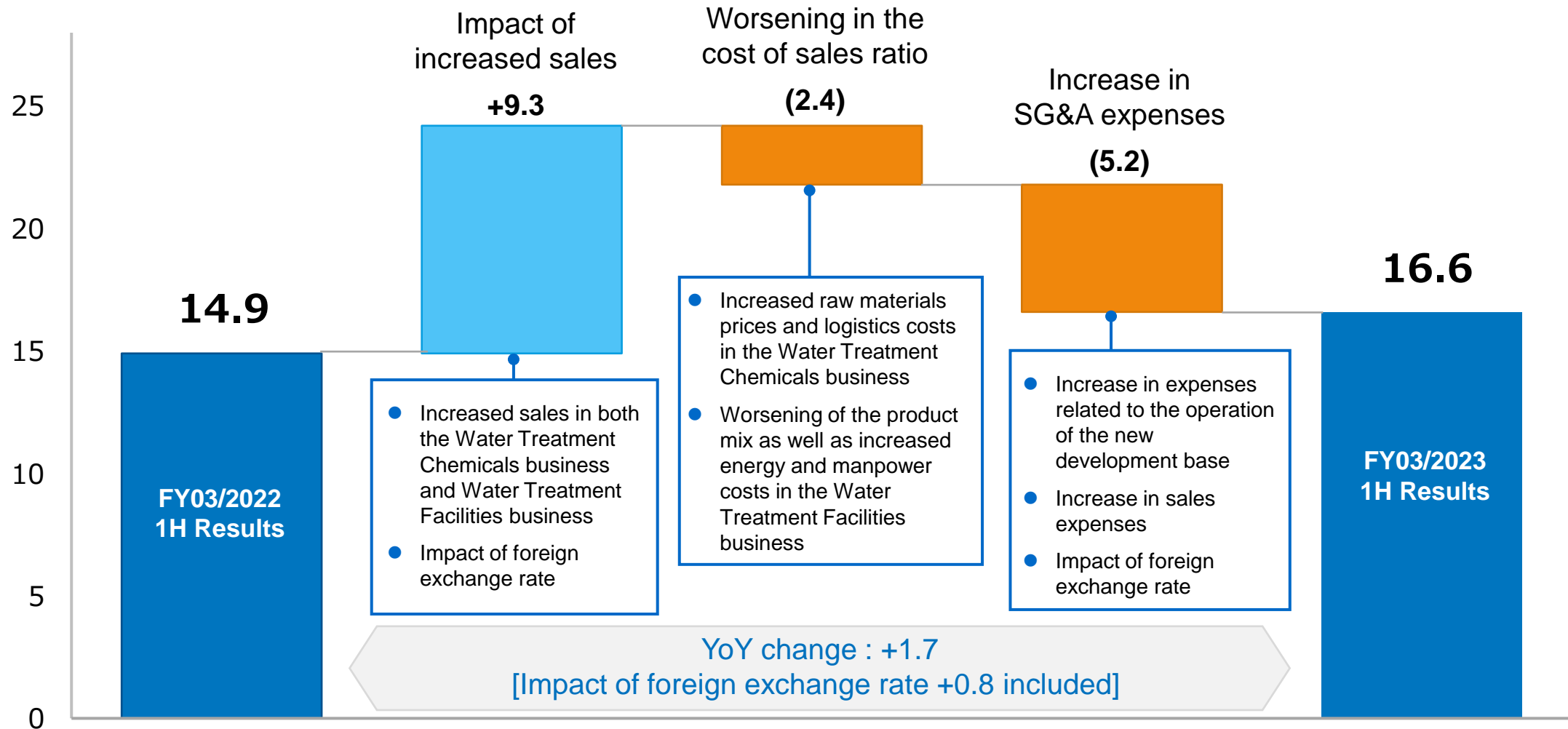


(Billions of Yen)		1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Total	Orders	147.8	200.4	+52.6	178.0
	Net Sales	135.2	160.7	+25.4	160.5
	Business Profit	14.9	16.6	+1.7	17.3
	Business Profit Margin	11.0%	10.3%	(0.7pp)	10.8%
	Operating Profit	14.7	16.3	+1.6	16.6
Water Treatment Chemicals	Orders	58.7	69.2	+10.5	68.2
	Net Sales	58.1	68.4	+10.3	67.5
	Business Profit	7.5	8.4	+0.9	8.1
	Business Profit Margin	12.9%	12.3%	(0.6pp)	12.0%
	Operating Profit	7.3	8.6	+1.3	7.8
Water Treatment Facilities	Orders	89.1	131.2	+42.1	109.8
	Net Sales	77.1	92.3	+15.1	93.0
	Business Profit	7.4	8.2	+0.8	9.2
	Business Profit Margin	9.6%	8.9%	(0.7pp)	9.9%
	Operating Profit	7.5	7.8	+0.3	8.8

- Both net sales and profit in the Water Treatment Chemicals business rose chiefly due to overseas business growth.
- Orders in the Water Treatment Facilities business increased, reflecting increases in orders for facilities and maintenance in Japan and overseas.
- Net sales in the Water Treatment Facilities business increased for the domestic electronics industry and overseas, while decreased for domestic general industries.
- Business profit in the Water Treatment Facilities business rose, with an increase in SG&A expenses and a worsening in the cost of sales ratio more than offset by an increase in net sales.

Factors in Change in Business Profit (YoY Change)

(Billions of Yen)



Water Treatment Chemicals



(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Orders	58.7	69.2	+10.5	68.2
Domestic	22.3	22.5	+0.2	23.0
Overseas	36.4	46.7	+10.3	45.2
Net Sales	58.1	68.4	+10.3	67.5
Domestic	21.7	21.9	+0.1	22.4
Overseas	36.4	46.5	+10.2	45.1
Business Profit	7.5	8.4	+0.9	8.1
Business Profit Margin	12.9%	12.3%	(0.6pp)	12.0%
Operating Profit	7.3	8.6	+1.3	7.8

- In Japan, due to the continued impact of COVID-19 and shortages of semiconductors in certain industries, net sales were almost unchanged from the same period of the previous fiscal year.
- Overseas, net sales increased due to revisions to sales prices in response to rising raw material prices, the development of CSV business, and an impact of foreign exchange rate.
- Business profit increased. This is because the impact of increased sales outweighed the impact of the worsening in the cost of sales ratio and increase in SG&A expenses.

Overseas Net Sales by Region

(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Asia	12.8	15.4	+2.6	15.2
North & South America	11.6	16.4	+4.8	16.2
EMEA	12.0	14.7	+2.7	13.8
Total	36.4	46.5	+10.2	45.1

Factors in Change (Billions of Yen)

Organic Change	+4.5
Effect of Foreign Exchange Rate	+5.6

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Orders	32.6	41.9	+9.3	36.2
Facilities	3.3	8.8	+5.5	5.4
Maintenance	9.1	10.3	+1.2	8.5
Ultrapure Water Supply Business	15.3	18.1	+2.7	17.3
Precision Tool Cleaning	4.8	4.7	(0.1)	5.1
Net Sales	30.5	34.8	+4.3	34.1
Facilities	2.6	3.9	+1.3	3.3
Maintenance	7.8	8.2	+0.4	8.4
Ultrapure Water Supply Business	15.3	18.1	+2.7	17.3
Precision Tool Cleaning	4.8	4.6	(0.1)	5.1

- Orders for facilities increased reflecting orders for large projects, and net sales also increased due to progress on the construction of ordered projects.
- Both orders and net sales in maintenance increased mainly due to firm order trend including large projects.
- Orders and net sales in the ultrapure water supply business increased due to the commencement of new supply project.
- Both orders and net sales in precision tool cleaning remained almost unchanged from the same period of the previous fiscal year, reflecting the operation of customers' plants and fell short of the first half forecast.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Orders	28.8	33.4	+4.5	28.8
Energy and Infrastructure	25.1	30.4	+5.3	25.2
Soil Remediation	2.3	1.9	(0.3)	2.3
Other	1.5	1.0	(0.4)	1.2
Net Sales	23.3	22.2	(1.1)	23.6
Energy and Infrastructure	20.1	18.8	(1.3)	19.7
Soil Remediation	1.8	2.3	+0.5	2.6
Other	1.4	1.0	(0.4)	1.2

- Energy and infrastructure orders rose reflecting large projects for maintenance and facilities for general industries.
- Energy and infrastructure net sales fell, reflecting a decrease in sales from facilities for the electric power industry, although sales from maintenance for general industries rose.
- Soil remediation net sales increased, but were lower than expected due to the delayed recovery in demand for remediation services.

Water Treatment Facilities (Overseas)

(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Orders	27.8	56.0	+28.2	44.8
Facilities	11.6	32.7	+21.1	21.9
Maintenance	7.5	11.8	+4.3	11.6
Ultrapure Water Supply Business	1.6	1.8	+0.2	1.7
Precision Tool Cleaning	7.1	9.7	+2.6	9.7
Net Sales	23.4	35.4	+12.0	35.3
Facilities	8.4	15.2	+6.7	15.4
Maintenance	6.3	8.7	+2.4	8.7
Ultrapure Water Supply Business	1.6	1.8	+0.2	1.7
Precision Tool Cleaning	7.1	9.7	+2.6	9.7

- Orders exceeded the forecast against a backdrop of strong investment demand in the electronics industry, mainly semiconductor sectors.
- Orders both in China and South Korea increased due to orders for large projects. Net sales also rose reflecting the progress on the construction of ordered projects.
- In the United States, orders and net sales in the precision tool cleaning business were strong.

Net Sales by Region

(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Asia	12.9	21.1	+8.2	20.5
North & South America	10.5	14.3	+3.7	14.8
Total	23.4	35.4	+12.0	35.3

Factors in Change (Billions of Yen)

Organic Change	+7.3
Effect of Foreign Exchange Rate	+4.6

Breakdown of Service Business Sales

(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change	1H Forecast (Announced in July)
Water Treatment Chemicals	58.1	68.4	+10.3	67.5
Water Treatment Facilities	63.0	71.6	+8.6	72.1
Ultrapure Water Supply Business	17.0	19.9	+2.9	18.9
Domestic Precision Tool Cleaning	4.8	4.6	(0.1)	5.1
Overseas Precision Tool Cleaning	7.1	9.7	+2.6	9.7
Soil Remediation	1.8	2.3	+0.5	2.6
Domestic Maintenance	25.0	25.3	+0.3	25.9
Overseas Maintenance	6.3	8.7	+2.4	8.7
Other	1.1	1.0	(0.1)	1.2
Total	121.1	140.0	+18.9	139.6

- Net sales in the Water Treatment Chemicals business rose due to a growth overseas.
- In the Water Treatment Facilities business, service business sales increased mainly in the field of ultrapure water supply business, and precision tool cleaning and maintenance overseas.

Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	1H of FY ended 03/2022	1H of FY ending 03/2023	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	28.8	26.5	(2.2)
Water Treatment Chemicals	6.1	4.0	(2.0)
Water Treatment Facilities	22.7	22.4	(0.2)
Depreciation (Property, Plant and Equipment*)	9.7	12.2	+2.5
Water Treatment Chemicals	2.2	2.3	+0.1
Water Treatment Facilities	7.5	9.9	+2.4
R&D Expenses	2.5	3.0	+0.5
Water Treatment Chemicals	0.8	0.9	+0.1
Water Treatment Facilities	1.7	2.1	+0.4

* Right-of-use assets are included.

- Capital expenditures declined compared to the same period of the previous fiscal year due to the absence of investments related to new development bases, while those for the ultrapure water supply business increased.
- Depreciation increased due to the start of new projects in the ultrapure water supply business and the start of operation of new development bases.
- R&D expenses increased due to the start of operation of new development bases.

Financial Condition

(Billions of Yen)	End of March 2022	End of September 2022	Change
Cash and Cash Equivalents	45.7	42.8	(3.0)
Other Current Assets	132.7	134.2	+1.5
Total Current Assets	178.4	177.0	(1.4)
Property, Plant and Equipment	161.0	173.7	+12.7
Goodwill	63.0	71.5	+8.5
Other Non-current Assets	67.6	71.3	+3.7
Total Non-current Assets	291.6	316.5	+24.9
Total Assets	470.0	493.5	+23.5
Current Liabilities	113.9	104.3	(9.6)
Non-current Liabilities	78.2	89.9	+11.7
Total Liabilities	192.1	194.2	+2.1
Equity Attributable to Owners of Parent	271.9	296.7	+24.8
Non-controlling Interests	5.9	2.5	(3.4)
Total Equity	277.9	299.2	+21.4
Total Liabilities and Equity	470.0	493.5	+23.5

- Property, plant and equipment increased, mainly reflecting the acquisition of ultrapure water supply business facilities.
- Goodwill increased due to an impact of foreign exchange rate.
- Current liabilities decreased due to a decrease in other financial liabilities related to Pentagon Technologies, Inc. and trade and other payables, despite an increase from the issuance of commercial paper.
- Non-current liabilities increased due to the issuance of the bonds.
- Equity attributable to owners of parent increased due to a rise in retained earnings and exchange differences on translation of foreign operations.

2 | Consolidated Business Forecast for the Fiscal Year Ending March 31, 2023

- The domestic economy will recover from the first half moderately.
- The recovery of overseas economies will be slower than in the previous fiscal year but will continue in the 2nd half.
- In the electronics industry, strong capital expenditures and high-capacity utilization at plants will be maintained, but there will be moves among some manufacturers to adjust production.
- The impact of inflation, including rising raw material prices, energy cost, and manpower cost, will remain.
- The shortage and extended lead time of materials and components, which reflect changes in the supply-demand balance, will continue.

Overview of Business Forecast



(Billions of Yen)		FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Orders		315.2	365.0	+15.8%	336.5
Net Sales		288.2	350.0	+21.4%	338.0
Business Profit		32.9	39.0	+18.4%	38.0
Net of Other Income and Expenses		2.8	(1.0)	—	(1.5)
Operating Profit		35.7	38.0	+6.3%	36.5
Profit Before Tax		30.1	39.0	+29.7%	36.5
Profit Attributable to Owners of Parent		18.5	27.6	+49.4%	25.7
Basic Earnings per Share (yen)		164.38	245.56	+49.4%	228.69
Foreign Exchange Rate	USD (yen)	112.4	136.0		136.0
	EUR (yen)	130.6	140.0		140.0
	CNY (yen)	17.5	20.0		20.0

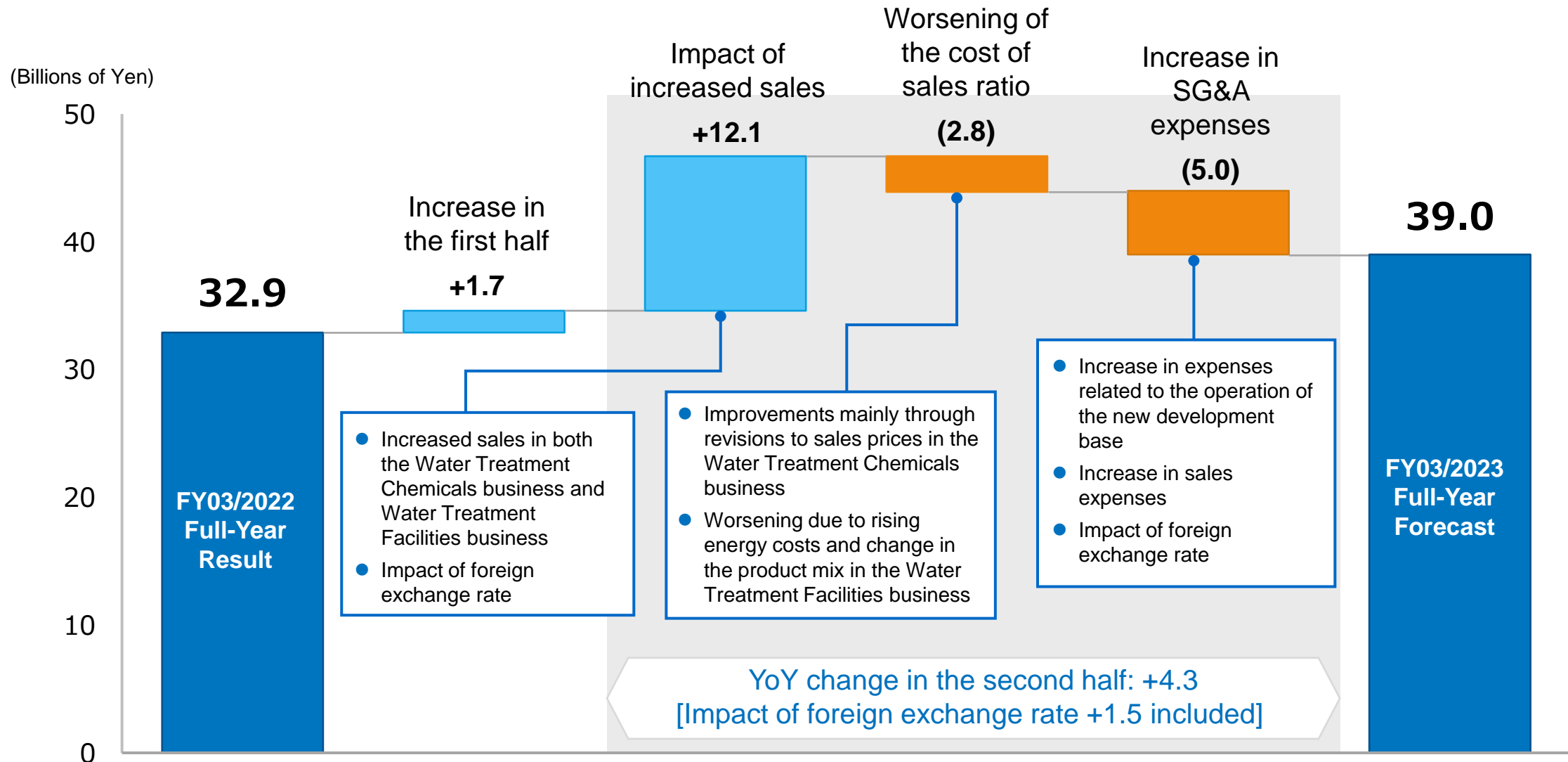
- Revised upward from the previous forecast in consideration of progress for the first half and the business environment

Forecasts by Segment

(Billions of Yen)		FY ended 03/2022 Result	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Total	Orders	315.2	365.0	+49.8	336.5
	Net Sales	288.2	350.0	+61.8	338.0
	Business Profit	32.9	39.0	+6.1	38.0
	Business Profit Margin	11.4%	11.1%	(0.3pp)	11.2%
	Operating Profit	35.7	38.0	+2.3	36.5
Water Treatment Chemicals	Orders	118.4	136.5	+18.1	134.0
	Net Sales	117.7	136.0	+18.3	133.5
	Business Profit	13.6	15.7	+2.1	15.1
	Business Profit Margin	11.5%	11.5%	(0.0pp)	11.3%
	Operating Profit	14.6	15.7	+1.1	14.7
Water Treatment Facilities	Orders	196.8	228.5	+31.7	202.5
	Net Sales	170.5	214.0	+43.5	204.5
	Business Profit	19.4	23.3	+3.9	22.9
	Business Profit Margin	11.4%	10.9%	(0.5pp)	11.2%
	Operating Profit	21.2	22.3	+1.1	21.8

- Orders, net sales and profit forecasts for the Water Treatment Chemicals business are revised upward in light of the progress in revisions to sales prices and the development of the CSV business.
- Orders forecast for Water Treatment Facilities business mainly reflected progress in the first half. Net sales is revised upward mainly for domestic electronics industry and overseas reflecting the orders in the first half.
- As the upward revision of net sales exceeded the negative impact of rising costs, the business profit forecast of Water Treatment Facilities business is revised upward.

Factors Behind Change in Business Profit (YoY Change)



Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Orders	118.4	136.5	+18.1	134.0
Domestic	43.4	43.9	+0.5	44.8
Overseas	75.0	92.6	+17.6	89.2
Net Sales	117.7	136.0	+18.3	133.5
Domestic	42.8	43.4	+0.5	44.3
Overseas	74.8	92.6	+17.8	89.2
Business Profit	13.6	15.7	+2.1	15.1
Business Profit Margin	11.5%	11.5%	(0.0pp)	11.3%
Operating Profit	14.6	15.7	+1.1	14.7

- Orders and net sales forecasts for Japan are revised downward reflecting the progress in the first half, and those for the overseas are revised upward due to the revisions to sales prices and the development of the CSV business.
- Along with the upward revision of net sales, the business profit is revised upward.

Overseas Net Sales by Region

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Asia	26.8	31.4	+4.6	30.3
North & South America	23.6	32.1	+8.5	31.3
EMEA	24.5	29.2	+4.7	27.6
Total	74.8	92.6	+17.8	89.2

Factors in Change (Billions of Yen)

Organic Change	+7.1
Effect of Foreign Exchange Rate	+10.7

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Orders	86.7	76.5	(10.1)	72.3
Facilities	25.5	10.7	(14.7)	7.8
Maintenance	20.1	18.8	(1.3)	17.9
Ultrapure Water Supply Business	31.5	37.3	+5.9	36.5
Precision Tool Cleaning	9.6	9.6	+0.1	10.2
Net sales	65.1	83.6	+18.6	80.1
Facilities	6.9	15.2	+8.3	15.9
Maintenance	17.2	21.5	+4.3	17.6
Ultrapure Water Supply Business	31.5	37.3	+5.9	36.5
Precision Tool Cleaning	9.5	9.6	+0.1	10.2

- In facilities, orders forecast is revised upward reflecting the result for the first half. Net sales forecast is revised downward due to the postponement of the posting of sales for certain project to the next fiscal year.
- In maintenance, orders forecast is revised upward reflecting the result for the first half. Net sales forecast is revised upward reflecting the sales increase from ordered projects in the first half.
- Both orders and net sales in the ultrapure water supply business are revised upward reflecting progress in the first half.
- Orders and net sales forecast in precision tool cleaning are revised downward reflecting the operation of customers' plants.

Water Treatment Facilities (for domestic general industries)

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Orders	44.2	63.1	+18.9	57.5
Energy and Infrastructure	36.4	54.1	+17.8	48.4
Soil Remediation	5.1	6.4	+1.4	6.4
Other	2.8	2.6	(0.2)	2.7
Net Sales	51.5	53.9	+2.4	53.6
Energy and Infrastructure	44.3	45.8	+1.5	44.9
Soil Remediation	4.4	5.5	+1.1	6.0
Other	2.8	2.5	(0.2)	2.7

- Order forecast in energy and infrastructure is revised upward reflecting the recovery in demand for maintenance for general industries.
- Net sales forecast in energy and infrastructure is revised upward expecting the sales increase from ordered projects.
- Net sales forecast in soil remediation is revised downward due to the slow recovery in demand in the first half.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Orders	66.0	88.9	+22.9	72.7
Facilities	32.5	45.6	+13.0	30.0
Maintenance	15.1	18.1	+3.0	18.7
Ultrapure Water Supply Business	3.2	3.5	+0.2	3.3
Precision Tool Cleaning	15.1	21.7	+6.6	20.8
Net Sales	54.0	76.5	+22.5	70.8
Facilities	21.5	33.7	+12.2	29.2
Maintenance	14.2	17.6	+3.5	17.6
Ultrapure Water Supply Business	3.2	3.5	+0.2	3.3
Precision Tool Cleaning	15.1	21.7	+6.6	20.8

- Orders and net sales in Water Treatment Facilities business overseas are revised upward as businesses for the electronics industry are expected to remain strong in the second half.
- In both China and South Korea, orders and net sales forecasts are revised upward reflecting the received orders in the first half and expectation of new project orders in the second half.
- In the United States, the revision to the forecast for precision tool cleaning business reflects expected sales upward in the second half.

Net Sales by Region

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Asia	31.2	45.1	+13.9	39.9
North & South America	22.7	31.3	+8.6	30.9
Total	54.0	76.5	+22.5	70.8

Factors in Change (Billions of Yen)

Organic Change	+13.3
Effect of Foreign Exchange Rate	+9.2

Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Water Treatment Chemicals	117.7	136.0	+18.3	133.5
Water Treatment Facilities	135.3	160.1	+24.8	155.1
Ultrapure Water Supply Business	34.7	40.8	+6.1	39.7
Domestic Precision Tool Cleaning	9.5	9.6	+0.1	10.2
Overseas Precision Tool Cleaning	15.1	21.7	+6.6	20.8
Soil Remediation	4.4	5.5	+1.1	6.0
Domestic Maintenance	55.3	62.3	+7.0	58.2
Overseas Maintenance	14.2	17.6	+3.5	17.6
Other	2.2	2.5	+0.4	2.7
Total	252.9	296.1	+43.1	288.6

- Service business net sales forecast is revised upward mainly in Water Treatment Chemicals business and domestic maintenance.

Capital Expenditures, Depreciation and R&D Expenses



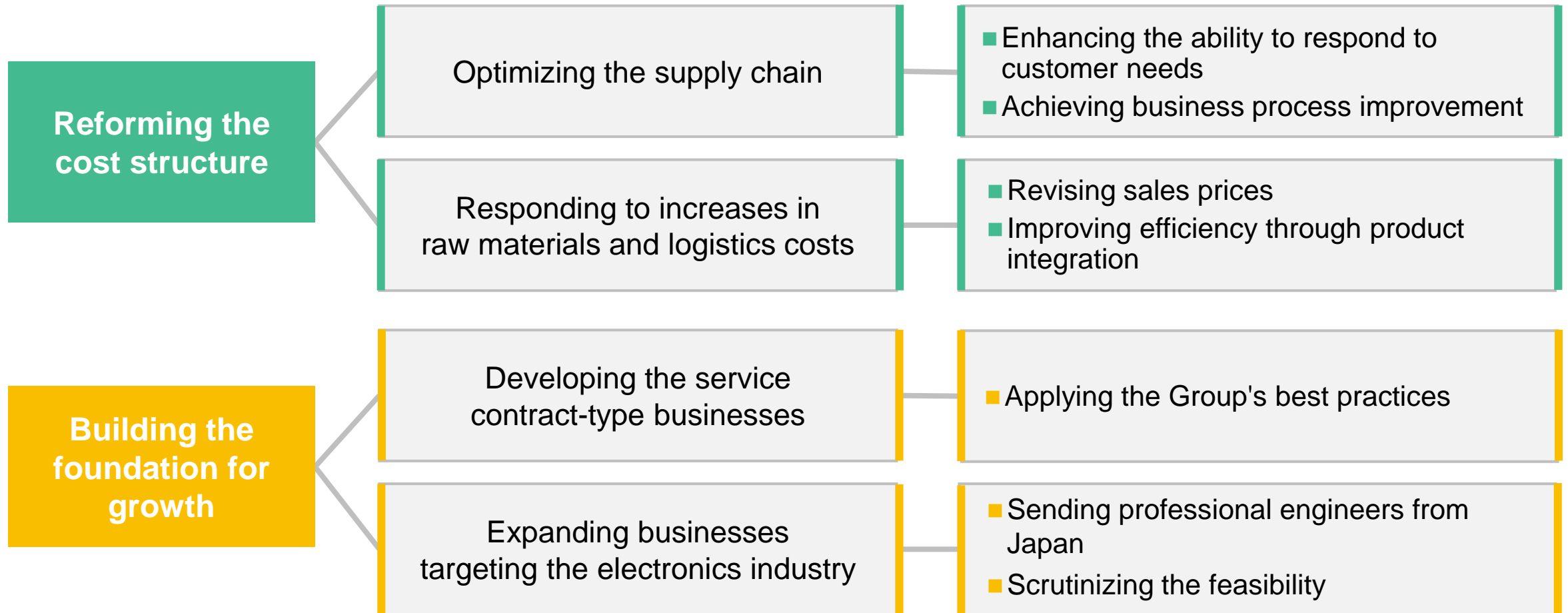
(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change	Previous Forecast (Announced in July)
Capital Expenditures (Property, Plant and Equipment*)	66.4	53.7	(12.7)	53.7
Depreciation (Property, Plant and Equipment*)	20.1	23.5	+3.4	23.5
Water Treatment Chemicals	4.2	4.4	+0.2	4.4
Water Treatment Facilities	15.9	19.1	+3.2	19.1
R&D Expenses	5.4	5.8	+0.5	5.8
Water Treatment Chemicals	1.5	1.7	+0.1	1.7
Water Treatment Facilities	3.9	4.2	+0.3	4.2

- The capital expenditures, depreciation and R&D expenses forecasts remain unchanged.
- Capital expenditures in the ultrapure water supply business also remain unchanged.

* Right-of-use assets are included.

3 | Progress on Priority Measures

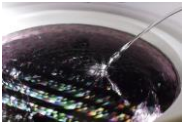
Strengthening the earnings base and expanding businesses to achieve growth



Accelerating growth by taking advantage of the robust earnings base

**Diverse service business bases
that are unlikely to be affected
by the capex trends**

Ultrapure
water supply



Maintenance



Precision
tool cleaning



Broad base of
the electronics industry

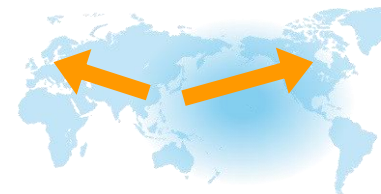
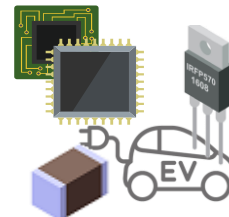


New directions

Expanding the value-based,
service contract-type business



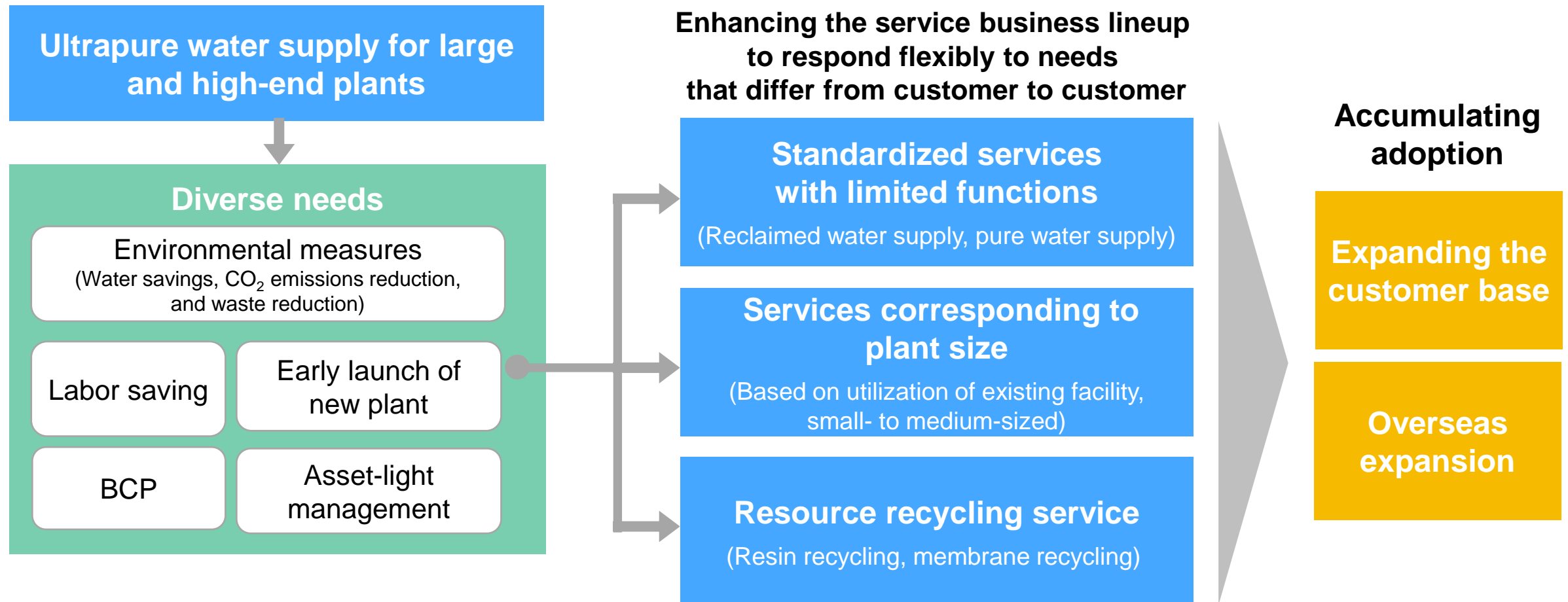
Expanding the customer base (in terms
of industry and geographical area)



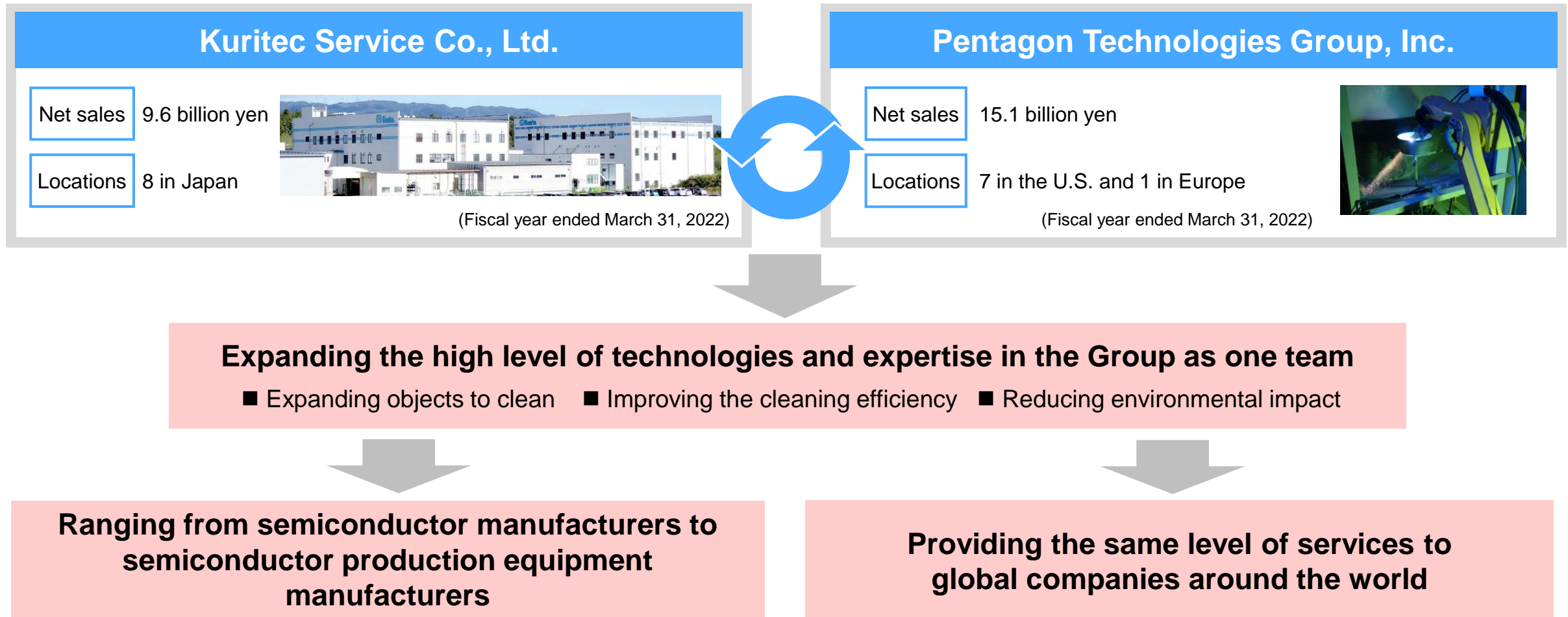
Development of semiconductor supply chain
into social infrastructure

**Stable growth
with
high profitability**

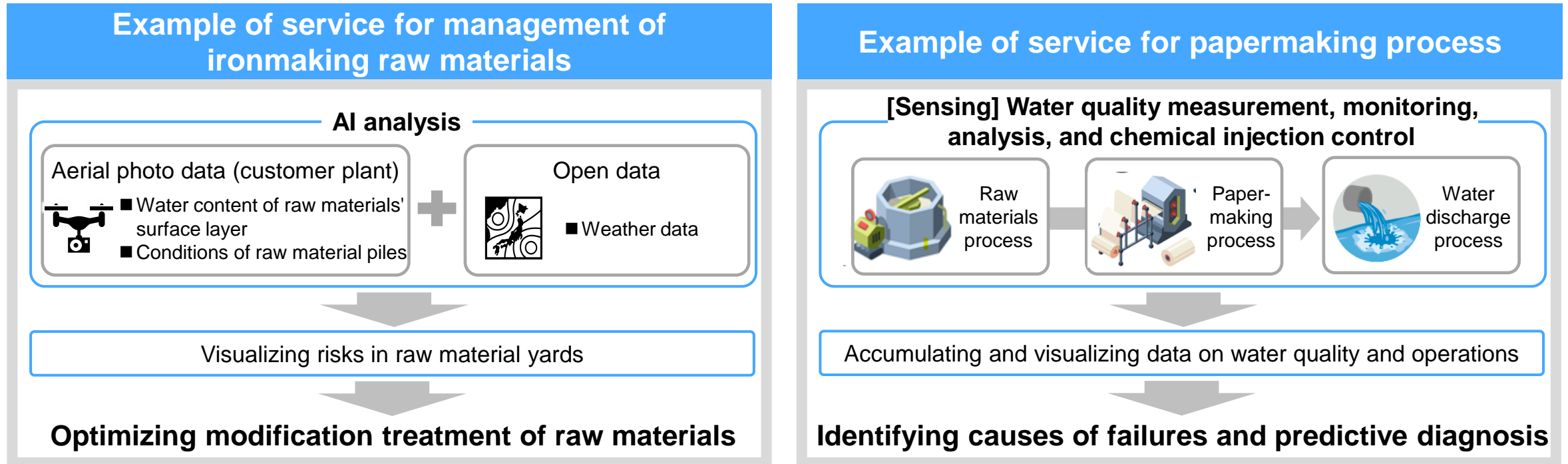
Finding new needs based on social issues and customer issues



Capturing new demand by taking advantage of Group synergies



Enhancing value-based service business



Contributing to the stable operation and reduction of the environmental impact of the industrial infrastructure sector



Petroleum and petrochemical



Iron and steel



Paper and pulp



Forward-looking Statements

This presentation contains forward-looking statements, business plan projections, and judgments based on information available to management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, actual results may differ from those specified or implied by these forward-looking statements and projections.

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